

THIS LEASE AGREEMENT made as of this 1st day of July, 2002, between CHILD DEVELOPMENT RESOURCES, INC., a Virginia non-stock, nonprofit corporation ("CDR") and the COUNTY OF YORK, VIRGINIA (THE "County");

RECITALS

A. In York County, Virginia, economically or otherwise disadvantaged parents need low cost child care. Such care will permit the parents to work or prepare to gain employment and thereby achieve self-sufficiency and an increased quality of life.

B. CDR, as part of its program of service to the citizens of York County is willing to operate a child care center identified as First Steps (the "Center"), with the purpose of providing child care services to disadvantaged citizens. Financial support for CDR is derived from various sources.

C. Under § 15.2-953, Code of Virginia (1950), as amended, the County can appropriate funds to support the Center and can enter a contract with CDR regarding the operation of the Center. The needs of the community dictate that the County exercise this grant of authority.

NOW, THEREFORE, for and in consideration of the mutual obligations set forth herein, the parties agree as follows:

Section 1. Facilities. (a) The County will lease to CDR for the sum of \$1.00 for the term of this agreement, space in the Griffin-Yeates Building, 1490 Government Road, York County, Virginia (the "Building"), as follows:

Three classrooms and office space as designated on the schematic floor plan of the Building attached hereto as Exhibit A and identified as Tenant Rooms 10, 12, 13, and 15. The County and CDR may agree upon comparable space within the Building for use by the Center in lieu of that space designated on Exhibit A.

(b) Pursuant to this Agreement the County will share the following facilities and common areas in the Building with the Center:

1. Playgrounds;
2. Auditorium;
3. Restrooms;
4. Parking spaces;
5. Auxiliary Room.

(c) The County will provide all utilities and perform all maintenance and custodial service necessary to keep the Building in good repair. The County shall make repairs, in a timely manner, of defects posing a risk to the health and safety of children and staff members while in the Center.

(d) The County and CDR agree that effective operation of the child care program is dependent on the availability, at a minimum, of the equipment listed on Exhibit B attached hereto. To that end, CDR agrees to make, with the assistance of the County, all reasonable efforts to secure appropriate equipment. The County agrees to make provisions for any deficiencies which may remain. All equipment purchased with County funds shall be retained by the County at the termination of this Agreement or any renewal hereof. All equipment purchased by CDR with non-County funds shall belong to CDR.

(e) If the Building or other facilities leased or used by CDR for the Center are damaged by fire or other casualty to the extent that, in the judgment of CDR and the County, the Building or other facilities are no longer suitable for the operation of the Center this Agreement shall be suspended until the County repairs the Building or such other facilities or remedies any unsafe condition.

Section 2. CDR Services. CDR will establish, staff, and operate a child care center serving up to 34 children from 6 weeks to 3 years in age in the County's Griffin-Yeates Building. The primary purpose of the program shall be to provide child care services to children of economically

disadvantaged families, especially those who are attempting to secure employment or training for employment. Another goal will be to provide an early childhood educational experience for the children. CDR's child care center shall operate year-round, from 7:30 a.m. until 5:00 p.m., Monday through Friday, unless otherwise agreed by the County.

Section 3. License. CDR will operate the Center under a child care center license issued by the Commissioner of the Department of Social Services pursuant to Code § 63.1-196.

Section 4. Insurance. CDR will obtain and maintain for the term of this Agreement:

(a) Comprehensive liability insurance in the amount of \$500,000 which names the County, its officers and employees as additional insured for any motor vehicles owned by CDR and used in the operation of the Center.

(b) Comprehensive liability insurance in the amount of \$500,000 which names the County, its officials and employees as additional insured for the conduct of the child care program identified herein.

(c) CDR will be responsible for insuring its personal property at the Center. The County will have no obligation to insure CDR property against damage or theft.

(d) CDR shall bear all loss, expense (including reasonable attorney's fees) and damage in connection with, and shall indemnify the County against and save the County harmless from all claims, demands and judgments made or recovered against the County because of personal injuries, including death at any time resulting therefrom, and/or because of damage to property, from any cause whatsoever, arising out of, incidental to, or in connection with the performance of childcare and development by CDR, including acts of CDR's employees, servants or agents, whether or not such claims are due to any act of omission or commission. Compliance by CDR with the insurance provisions hereof shall not relieve CDR from liability under this provision. This agreement does not require CDR to defend or otherwise indemnify the County, its officials, agents or employees, or any of them against claims that the County, its officials, agents or employees or any of them were negligent.

Section 5. The initial term of this Agreement commences on July 1, 2002, and terminates as of June 30, 2003. Thereafter, this Agreement may be extended for up to four (4) additional one year terms, each to expire as of the next succeeding June 30, with the written consent of CDR and of the County Administrator for the County. Either party can terminate this Agreement for any reason one hundred twenty (120) days after giving written notice to the other party of its intent to terminate.

Section 6. Miscellaneous. The provisions herein state the full agreement between the parties. The parties expressly declare this Agreement creates no agency relationship nor any other relationship between the parties except as independent contractors.

IN WITNESS WHEREOF, the parties set their hand, CDR by its Chairman and the County by its County Administrator pursuant to Resolution R02-65 adopted on _____ by the York County Board of Supervisors, after having conducted a public hearing pursuant to Code § 15.2-1800

CHILD DEVELOPMENT RESOURCES, INC

By _____
Chairman

COUNTY OF YORK, VIRGINIA

By _____
County Administrator

Approved as to form:

County Attorney

GRIFFIN YEATES CENTER
 FIRE EXIT ROUTES

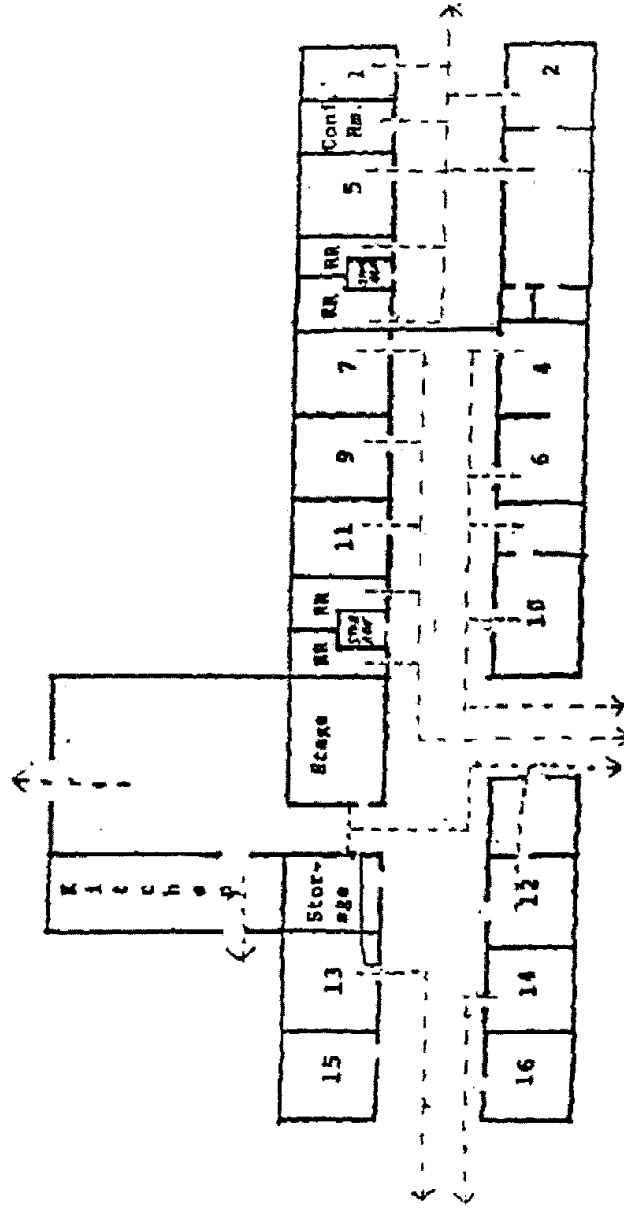


Exhibit A

Eating/Sleeping	#Have Room 12	#Have Room 13	#Have 15
Cribs	5	N/A	N/A
Cots	3	20	8
Tables	2	4	3
Chairs	9	23	23
High chairs	4	N/A	N/A
Doll Corner		1 sofa 1 chair	1 sofa 1 chair
Refrigerator	1	1	N/A
Stove	1	1	1
Tables/ Chairs	1/4	1/3	1 / 2
Dramatic Play Closet		1	1
Sink	1	1	1
Crib for dolls	1	1	1
Doll High Chair		1	
Other			
Sand and Water Table	1	1	1
Indoor Motor			
Toddler Gym	N/A	N/A	2
Walking Board	N/A	N/A	1
Outdoor Motor			
Wagons	N/A	N/A	1
Easels	N/A	1	1
Block Corner			
Solid (100 pieces)	N/A	1 set	1 set
Hollow (20 pieces)	@ 20 pc card board bricks	N/A	1 set
Shelving/Storage			
Long	2	2	4
Short	4	4	8
Coat Cubbies	N/A	2	2
Wheel Toys		10 trikes	6 wooden trikes
Major Equipment – Nursery			
Washer	1	N/A	N/A
Dryer	1	N/A	N/A
Refrigerator	1	N/A	N/A
Microwave	1	N/A	N/A
Additional items:I		Woodwork bench 1	
		Sofas 2	
		Music Cab 1	